

FOR RELEASE: December 13, 1999

Paul Leads Fight Against Rule Proposed by Federal Reserve *Banking Committee Members Oppose Yet Another Attack on Privacy*

WASHINGTON, DC - Rep. Ron Paul (R-TX) was joined today by Rep. Bob Barr (R-GA) and two dozen other members of the House banking committee in opposing the Federal Reserve Board's proposed rule to end the "colorblind" policy of the past 25 years regarding (non-mortgage) credit applications under the Equal Credit Opportunity Act, Regulation B. The rule would allow creditors to collect data on credit applicants' race, color, sex, religion and national origin, and is largely seen as the first step in a plan that will end with federal regulators mandating the collection of such information. Many members of the committee, from both sides of the aisle--including many not on this [letter](#)--have expressed serious concerns with aspects of the proposal. First and foremost, they all agree with Paul's statement that "it should be Congress, not the regulators, which decides government policy." Paul stated, "Over 300,000 people joined me in sending comments to the Federal Reserve Board and other financial regulators to oppose the so called 'Know Your Customer' scheme that would have given banks a broad mandate to spy on their customers. These regulators now need to know that we will remain vigilant against threats to financial privacy. Congress and the regulators must be more diligent in protecting against privacy-violating governmental regulations." Paul said that some had other concerns with the proposal as well. He stated, "having just passed the financial modernization bill, many believe this is a most inopportune time to consider these changes. The new information collected under this proposal would exacerbate consumer concerns of potential abuses related to personal data since there has been a long-time prohibition on the collection of such data." Paul noted that the collection of such data would very likely result in a new scheme of government mandated race based lending quotas. In addition, he said the likely move to eventually make the collection of such data mandatory would add a huge new unfunded mandate that would increase costs to consumers in the form of higher ATM fees and worse interest rates. The American Bankers Association, America's Community Bankers, Consumer Bankers Association, Financial Services Roundtable, and the Independent Community Bankers of America have all sent a joint letter opposing the rule, and the American Financial Services Association, National Association of Federal Credit Unions and the Credit Union National Association all sent letters opposing the Regulation B change as well. Joining Reps. Ron Paul and Bob Barr in signing the letter were Republicans Tom Campbell, Walter Jones, Sue Kelly, Jack Metcalf, Jim Ryun, Bill McCollum, Judy Biggert, Mark Green, Ed Royce, Lee Terry, Marge Roukema, Richard Baker, Spencer Bachus, Pat Toomey, Frank Lucas, Dave Weldon, Merrill Cook, Steven LaTourette, Bob Ney, John Sweeney, Peter King, Paul Ryan and Democrat Virgil Goode, Jr. [CLICK HERE TO VIEW THE LETTER](#)